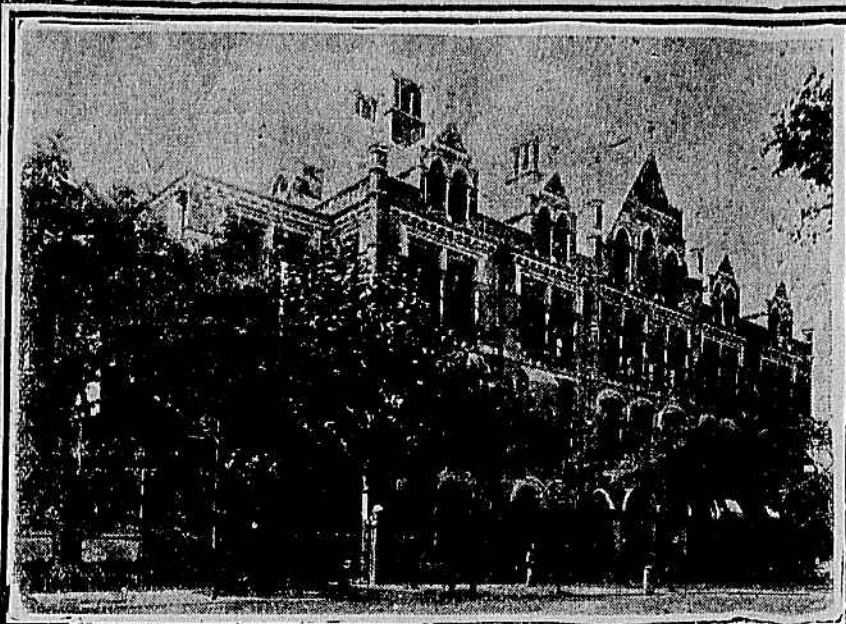


Pierpont Morgan of China--Chat With Sheng Kung Pao, Celestial Financier Worth Millions--New Steel Industry and Railroads



I COULD NOT KEEP MY EYES OFF HIS HAND.



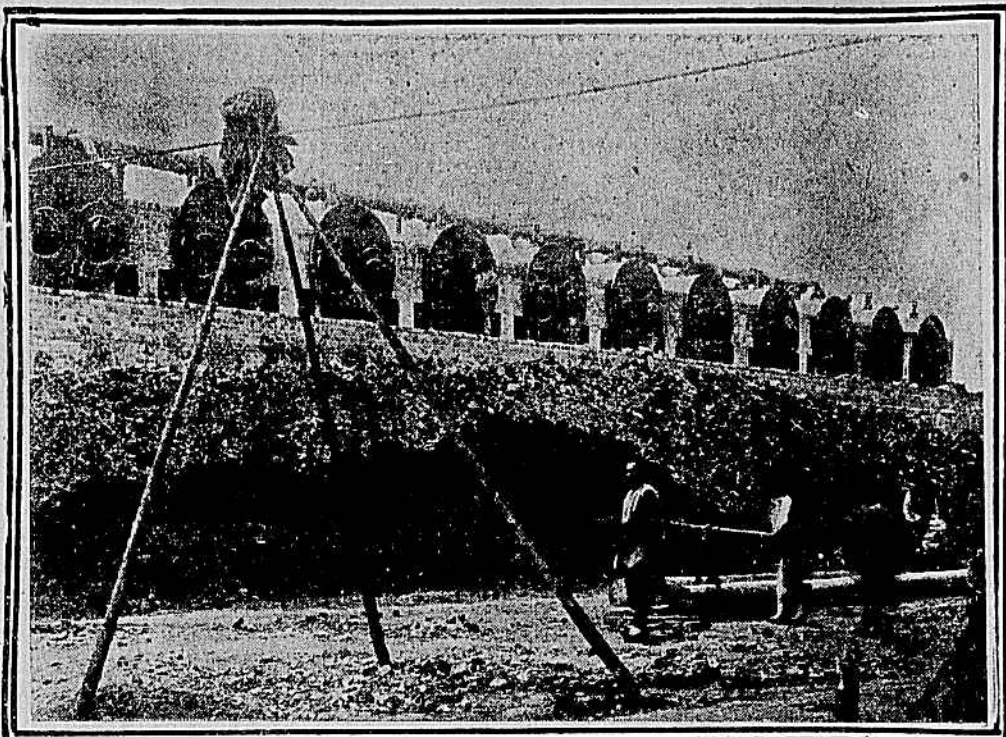
IMPERIAL BANK OF CHINA, AT SHANGHAI, LARGELY OWNED BY SHENG.



SHENG KUNG PAO, the Pierpont Morgan of China.

Shanghai. I have just returned from an interview with one of the richest and ablest men of all Asia. I refer to Sheng Kung Pao, the Pierpont Morgan of China; and, I might say, the Rockefeller as well. Sheng is worth his tens of millions. Like Pierpont Morgan, he started life rich; and, like him, he has multiplied his inherited fortune many fold. All his life he has been the organizer of great enterprises, and to-day his financial fingers are mixed up in every profitable undertaking on this side of the globe. He owns railroads, factories, mines and steamships. He has a steel plant 600 miles up the Yangtze Kiang, which is capitalized at \$15,000,000, and has mountains of iron and great beds of coal not far away. It was Sheng who had much to do with organizing the telegraph for China. It was he who built the railroad from Hankow to Peking, and he got the concession for the Americans to construct a road from Canton to Hankow.

Sheng Kung Pao is one of the leading officials of this empire. He succeeded Li Hung Chang as the government minister of commerce, and he is now the vice-minister of the Imperial board of communications. He is also a chief owner of the China Merchants



COKE OVENS AT HAN-YANG, SHENG'S \$15,000,000 STEEL PLANT.

Steamship Company, and is largely interested in the Chinese Imperial Bank. He is by all odds the best financial authority among the Celestials, and his ideas as to the present conditions are of great value.

Sheng Kung Pao at Home. It was at Sheng Kung Pao's home that I met him. This is in a section of Shanghai where the land is so valuable that he has to almost plate it with silver to buy it. Sheng's establishment consists of a half-dozen great buildings, any one of which would be a mansion in Washington or Chicago. Its grounds cover more than ten acres, and are surrounded by walls so high that you cannot see over them. Wide drives lead through the lawns, and the whole is kept like a park. One of the buildings, devoted to Sheng's business offices, is as large as that of a government department. Among the others are residences, occupied by Sheng and his wife, and his relatives and servants. All are beautifully furnished, and some have a great framework in front of them over which matting can be stretched in summer to shut out the sun. There is no sign there of the poverty which we associate with the ordinary Celestial. Sheng belongs to the rich, and, like his class, he wears satin and velvet and entertains in great style. His butler always has champagne on tap, and among the dishes served at his feasts are pigeon-egg stewed with shark fins and birds' nest soup,

the latter costing several dollars a plate.

It was in the finest of his buildings that his excellency received me. It is a combination of Chinese and foreign architecture, built of gray brick, three stories high, and of vast extent. Passing through a wide hall I came into a court, over which, on a framework of poles, matting was stretched. This was surrounded by rooms, most of which are intended for receptions.

The servants led us into a large parlor, furnished in Chinese style. Heavy chairs of black wood, inlaid with mother of pearl, and wonderfully carved, stood against the wall. There was a divan at the back, and in the center of this a low table, upon which two guests could rest their elbows as they sat there and chatted. There were Chinese paintings on the walls, and here and there shone out a beautifully written text of the Chinese classics. In the center of the room was a table. This was of carved teakwood. It had no cover, but, with a view to my reception, it was set with refreshments of various kinds. There were cakes, fruits and candies, and other dainties were brought in during the audience.

I was able to meet Sheng Kung Pao by an introduction from Dr. John C. Ferguson, an American who is high in the confidence of the leading Chinese officials. He was for a long time, and is now, one of the confidential foreign advisers of Sheng, and he has

been associated in a similar capacity with the viceroys of Nanking and Wuchang. He accompanied me to the palace and performed the ceremony of introduction, after which I left me with Sheng, and the interpreter, Tete-a-Tete With a Chinese Millionaire.

We had but a short time to wait. His excellency came in through a side door, and as Dr. Ferguson presented me he reached out his hand and shook mine in American fashion. He used the right hand, giving me a strong grip with his long yellow fingers. As he did so he looked me straight in the eye, and his bright black eyes seemed to be searching my soul. Indeed his eyes were so keen that the remainder of his personality was thrown into the background, and it was some time before I took in the details. Then I observed that the eyes belonged to an old Chinese, of medium height and stooping shoulders. They shone out of a sallow complexion, over high cheekbones and from a rather thin face. His excellency was dressed in a long gown of blue silk. He had a black silk hat on his head, the rim of which was turned up all around and out of the back of which extended a broad waving feather. His white shirt was open at the collar, and his coat had buttons of gold.

The great financier smiled as he greeted me. He led me across the room and motioned me to sit down at the table, giving me a chair at his left, which is the seat of honor in China. As we sat there, our elbows almost touching, he rested his left hand on the table, and, as he became interested in the talk, now and then tapped the border of his nails. As he did so I could not keep my eyes off his hand. The nails on the last three fingers—that is, on all of the fingers except the index finger—were at least three inches long, and the thumb nail stood out like a spoon. When not tapping, his excellency's hand, resting on the nails, had the tips of the fingers raised above the table itself to the height of an ordinary glass tumbler, and his wrist was well up off the table. The finger nails were as white as ivory, and it struck me that it must be a troublesome matter to keep them so clean.

China's Steel Industry. The conversation opened with the discussion of the Han-Yang Steel Works, which I told His Excellency I had just visited. I asked him how they were doing. He replied that they were steadily increasing in efficiency and in their ability to turn out modern rails, structural steel and other such materials. He said that the company had already exported pig iron to America, and that it could, if it would, now sell iron there in competition with the United States steel trust at a profit. He said that the day would come when China would produce all its own steel, and that every province would eventually have its own steel works. Sheng expects much from Japan as a purchaser of Chinese iron and steel, and he considers our Pacific coast a legitimate tributary of the industrial China of the future.

I asked him as to his iron mines. He replied that the supply of ore is almost inexhaustible, and is finer than that of most parts of the world. It is a pure iron ore, and is found in Sweden, and is much more easily won. As to the coal he is now using, this makes fine coke, and China has been exporting coke to Japan. His excellency believes that China has all the materials to make a great manufacturing country, and that its people are naturally fitted to be the chief industrial nation of Asia.

China's Railroad Era. I here referred to the railroads which China has projected, and asked him if their construction would be pushed. He replied, "We intend to

build new railroads just as fast as we can. We need them, and the imperial government realizes that fact, and will do all it can to aid in the construction. The first roads to be built will be trunk lines, connecting the chief centers of population.

"We must have them on political grounds, as well as for business development. Railroads are a military necessity to the new civilization and to China's holding the place she should have in the Far East and the world. We need a strong central government, and to that end must be able to send troops from one part of the empire to another by rail, on telegraphic notice. After we have once built our trunk lines, branch lines and feeders will easily follow. The railroads will be large, and the roads will soon become profitable. As soon as our people realize that money can be made from railroads, enterprises there will be no trouble in raising the capital necessary to carry them on. So far they are a new thing to us, and as we are a conservative people, we are cautious about embarking in them."

Foreign Capital for China.

"Your Excellency was among the first to advise the government that it should secure foreign capital for building its railroads, were you not?"

"Yes, but that policy became unpopular. The cry of 'China for the Chinese' and for 'China alone' was raised, and for a while our people were inclined to build everything with their own money and to accept no help from outside. The cost of railroad building, however, is so great, and our people understand it so little, that they hesitate to invest, and now coming to favor foreign loans."

"And, indeed, I still believe in foreign loans for railroad building," continued Sheng Kung Pao, "and I think it may be to borrow the money and let the roads earn the interest. The situation in regard to such loans has changed during recent years. In the past the roads were mortgaged as security for the bonds, but the government is now guaranteeing them, and is free from such encumbrances. A guarantee by the Chinese government is better than that of any other power, and the interest is absolutely secure."

"But I understand you want to borrow some millions of dollars to extend your steel works at Han-Yang, and that you are asking the Chinese to put up the money. Why do you not go abroad for a loan of that kind?"

"We do not think it advisable. Similar obligations which we have entered into during recent years have caused international trouble. The men who borrow the money, in case of a dispute as to the settlement, are likely to call in the government to which they belong to enable them to bring things their way, and that without regard to justice or right. The mortgaging of private enterprises and public works has, in certain cases, given the control of such works over to the foreigners who made the loan, and we can no longer permit that. We feel that we should control our own mines, and that in the present condition of affairs it is not safe for us to go outside for capital so secured."

China's New Banks.

"Your Excellency is connected with the Imperial Bank of China. Is that a government bank?"

"No; it is a commercial institution, with headquarters at Shanghai and Peking. It has a capital of 5,000,000 taels, over half of which is paid in. The only government bank we have is the Ku Pu Bank, which has its headquarters in Peking, and branches scattered here and there over the country."

"Will China ever have a national banking system, such as Japan or the United States?"

"Yes, I think so, although it will probably be established long before it can be. It is one of the crying needs of the empire, and would be of enormous good, not only to the government, but to all industries."

"Will you ever have postal savings banks?"

"Not soon. But I should like to see them established, and they are bound to come. They are invaluable in the teaching of thrift, and in making a place for the small savings of the people. With a stable government such institutions will be very popular, and they would enormously increase our national wealth. They would make us the richest people of the world, for our savings depositors would be millions in number. I should like to see industrial banks, such as the Japanese have, established in China, and we shall probably have agricultural banks."

The New Mints and Banknotes.

"How about your new coinage?"

"There is a movement on foot to standardize it. We are sadly in need of a uniform coinage, and it is bound to come."

"Will the unit be the silver dollar or the tael?"

"I think probably the dollar. Many of our people have come to know that coin fairly well, and we like the decimal system upon which it is based. I think it is better than the tael."

"Will China ever be on a gold basis?"

"In time, yes; but not soon. I should like to see all of our finances managed on the gold standard, and we shall have to work for it."

"How about the new banknotes which are being issued in so many parts of the empire? Are they properly secured?"

"I think they are all right now," replied the Chinese financier. "Such new issues are necessary, and are safe enough, and I have no doubt but that they will be safe for some time to come. I consider them a dangerous medium of exchange, however, and can easily imagine conditions, which might arise in connection with them

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which would create great financial disturbance and possible loss.

The New Education.

"Your Excellency was among the originators of the new education? You established the Nan Yang College at Shanghai and the Chinese University at Tien-tsin? Has modern education come to stay?"

"Undoubtedly so. The Chinese classics are of great value in training the mind and soul, but as far as business matters are concerned, they are ethical rather than practical. I want the classics kept in our schools, but I think the modern sciences should supplement them."

"How are you training your own children?"

"I have two boys who are learning English. They are now going to the college here, and I shall send them abroad, to Europe or the United States, as soon as they are prepared to enter the universities of those countries."

"Whom do you think is of the most value to China, the man trained at home along the old lines or the one educated abroad?"

"I think both kinds of training are necessary. They are both needed to make an all-around man, the man of business and the man of morals, and, in short, the best man for us."

Optimism and Foot Binding. At this moment we have a strange scene brought in, and with it came the red visiting cards of some Chinese officials. In high society here the entrance of the wife always means the close of an interview, and when your host asks you to drink you know that the time has come for you to depart. For this reason my last questions were rapidly put:

"What does Your Excellency think of the new Constitution? Are the Chinese prepared for it?"

"Not now, perhaps, but they will be by the time it goes into effect. We are to have eight years of education, and at the end we shall have a new China."

"Will you be able to wipe out the opium evil?"

"Yes. But its abolition must be gradual. The confirmed smoker cannot give up the habit at the wink of an eye. Some may be able to stop, but others will hold on till their death. It is only from the young that we can expect much as to the abolition of opium. The custom is already considered disgraceful, and if we can keep it so, we can get rid of the evil."

"How about foot binding?"

"That will go, too. The better class women have stopped binding the feet of their children. The custom begins to be unpopular. I have not bound feet in my household, and I am glad to say that the day has come for the bound foot to go."

At this point we had already taken three sips of champagne. There was a crowd of Chinese callers waiting outside, and I knew it was high time to leave. As I rose, His Excellency again gave me his hand, saying he regretted he had not had a chance to ask more questions. He said that our whole conversation had been taken up with his answers to queries of mine.

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SKIN-TORTURED BABIES CURED

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